



The Comptroller General  
of the United States

Washington, D.C. 20548

## Decision

Matter of: Abbas M. Shakir - Loan Origination Fee

File: B-226876

Date: August 22, 1988

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### DIGEST

A transferred employee who purchased a residence at his new duty station under a conventional loan claims reimbursement for a 3.25 percent loan origination fee. Absent evidence that the customary charge in the area was greater, our decisions have limited reimbursement of 1 percent. Since the employee has not submitted sufficient evidence to satisfy this requirement, his claim must be limited to 1 percent.

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### DECISION

This decision is in response to a request by Ms. Evelyn J. Chester, Authorized Certifying Officer, Department of Energy (DOE), concerning the claim of Mr. Abbas M. Shakir, an employee of DOE, for reimbursement of a loan origination fee of 3.25 percent (\$2,401.75). The fee was incurred in connection with Mr. Shakir's change of official station to Columbus, Ohio, in August 1986 and his purchase of a residence under a conventional mortgage loan agreement.

The local office of the Department of Housing and Urban Development (HUD) has reported that, as to FHA-insured loans, 1 percent is the customary and reasonable rate paid for a loan origination fee in Columbus, Ohio. Therefore, DOE reimbursed Mr. Shakir for a 1 percent fee rather than a 3.25 percent fee based on this information received from HUD.

Mr. Shakir contends that the advice given by HUD is limited to FHA-insured loans and does not apply to his conventional mortgage loan. We informally contacted the local office of HUD, and that office cited a range of rates from 2 to 4 percent but was unable to advise us whether the customary rates for loan origination fees on conventional mortgage loans exceeded 1 percent.

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In Constant B. Chevalier, B-221541, Sept. 3, 1987, 66 Comp. Gen. \_\_\_\_\_, we interpreted the "customary charge" limitation stated in paragraph 2-6.2d(1) of the Federal Travel Regulations (FTR), incorp. by ref., 41 C.F.R. § 101-7.003 (1988), and we stated that an agency may rely upon technical assistance provided by the local office of the Department of Housing and Urban Development in determining the customary loan origination fee in a given locality.<sup>1/</sup> We further stated in Chevalier that where the information furnished by HUD does not establish any particular rate as the prevailing or customary rate, it is appropriate for the agency to limit reimbursement to 1 percent, unless the employee is able to furnish other information establishing a higher rate as customary. Trusley and Patton, B-219076, B-219123, Nov. 25, 1985.

The evidence before us does not clearly establish that 3.25 percent was the prevailing or customary rate in that area at that time; the evidence merely establishes that it was within the range of rates charged for conventional loans. Mr. Shakir has not submitted sufficient evidence to establish that 3.25 percent was the prevailing rate in the area. Chevalier, supra; Trusley and Patton, supra. Therefore, we conclude that the employee may not be reimbursed for his loan origination fee in excess of 1 percent.

*for*   
Comptroller General  
of the United States

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<sup>1/</sup> Recently, the General Services Administration amended FTR para. 2-6.2d(1)(b) to establish a general limitation of 1 percent on loan origination fees absent clear and convincing evidence that a higher rate was customary. FTR Supp. 26, Dec. 21, 1987 (effective Oct. 1, 1987).